

# REPORT / RECOMMENDATION



**To:** MAYOR AND CITY COUNCIL

**Agenda Item #:** IV. R.

**From:** Lisa Schaefer, Assistant City Manager

**Action** ☒

**Date:** June 17, 2015

**Discussion** ☐

**Subject:** Liability Coverage Statutory Limits

**Information** ☐

## **Action Requested:**

Adopt a motion refusing to waive municipal tort liability limits.

## **Information / Background:**

Cities that purchase municipal liability coverage from the League of Minnesota Cities Insurance Trust (LMCIT) must decide each year whether they are willing to waive the monetary limits on tort liability that are offered to cities under Minnesota Statutes 466.04. If a city refuses to waive the liability limit, the maximum monetary damages a claimant can recover is no more than \$500,000 on any claim to which the statutory tort limits apply. In addition, the total all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000.

If a city decides to waive its liability limit, a single claimant could recover up to \$2,000,000 for a single occurrence. The total all claimants would be able to recover for a single occurrence would also be limited to \$2,000,000. If the City chose to waive the limits, it would need to pay additional premiums and would have greater exposure for future claims.

Because the City of Edina purchases its municipal liability coverage from the LMCIT, the City Council must take action on this matter. Staff is not authorized under statute to make this decision. Only a City Council can decide to waive the city's statutory tort limits.

## **Recommendation:**

Staff recommends the Council refuse to waive the municipal tort liability limits.

## **Attachments:**

None.